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# WAUKESHA COUNTY BOARD

## EXECUTIVE, FINANCE, HUMAN RESOURCES

### COMMITTEES

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June 19, 2012

#### **Executive Committee Members Present:**

Paul Decker (Chair)	Dave Falstad	Patricia Haukohl	Gilbert Yerke
Duane Paulson			

#### **Finance Committee Members Present:**

Patricia Haukohl (Chair)	Daniel Draeger	Pamela Meyer	Richard Morris
Larry Nelson	William Zaborowski		

#### **Human Resources Committee Members Present:**

Duane Paulson (Chair)	Michael Crowley	Kathleen Cummings	Daniel Draeger
Jennifer Grant	Pauline Jaske		

#### **Finance Committee Member Absent:**

Cathleen Slattery

#### **Executive Committee Members Absent:**

Dave Swan	James Heinrich
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#### **Others Present:**

Budget Management Specialist Bill Duckwitz	Darryl Enriquez of the Waukesha Freeman
County Board Chief of Staff Mark Mader	Inspector Eric Severson
Legislative Policy Advisor Sarah Spaeth	Budget Manager Linda Witkowski
Human Resources Manager Jim Richter	Administrative Services Manager Randy Setzer
Senior Human Resources Analyst Renee Gage	Director of Administration Norm Cummings

Decker called the committee meeting to order at 8:30 a.m. and led the group in the Pledge of Allegiance.

#### **Presentation, Overview and Update on the 2012 Compensation Study**

N. Cummings and Richter reviewed a handout titled *Waukesha County Total Compensation Study* dated June 19, 2013 highlighting the following:

- County compensation philosophy
- Total compensation study goals and objectives
- Total compensation plan: major conclusions and recommendations
- Health insurance plan changes proposed for 2014
- Fiscal analysis of compensation study and health plan changes – 10 years
- Additional proposed compensation and benefit structure changes

Falstad asked are there any trends in employee attrition rates? N. Cummings said most losses of late have been retiring baby boomers. The county tries to be competitive but expects certain professionals, such as information technology (IT), to seek employment elsewhere when the economy improves.

Zaborowski complimented the county's incentive program and commented that employers in the private sector do not provide a 50/50 match to retirement programs. Richter said this is an area where private and public sectors are different but total compensation evens out any advantage. N. Cummings said the lower wages paid by the county make up for the increased pension contributions. Falstad said there are employment advantages/disadvantages that cannot be measured such as a perceived feeling of security in public sector jobs. N. Cummings said the state employment rate is not increasing because of the large

number of layoffs in government jobs. Decker said some private sector businesses have flourished while others have gone out of business. The perceived feeling of security is based on psychology not facts. N. Cummings said the county cannot go out of business no matter how little funding is available. The great employees of Waukesha County are one of the reasons the county thrives. Haukohl said Waukesha County does a good job seeking solutions and saving money when funding is cut.

Yerke said though the county eliminates positions every year, personnel costs continue to increase. Are positions eliminated due to overstaffing? N. Cummings said some positions are eliminated because of increased efficiencies. Personnel costs include benefits, which increase every year. Decker said people with better skills in the private sector earn more money for being more productive. Waukesha County employees are working harder and getting paid more but fewer employees do the work. Haukohl said the number of positions does not necessarily reflect the number of employees. N. Cummings said positions are sometimes left vacant for many years before being eliminated.

Jaske asked are there any drawbacks to the pay for performance system? Does it bring a competitive spirit amongst employees? Richter said in many divisions, everyone has to work together to achieve collaborative goals and people are awarded for being part of a team. Waukesha County's system is based on personal performance rather than a spoil system where some people receive awards while others receive nothing.

Grant asked how many spouses are covered by county health insurance? Richter estimated 65% of employees in the family plan include spouses. Grant said the county should investigate charging a surcharge for spouses using county insurance or else the county will be a "magnet" for more spouses. With health care reform, it is presumed that everyone will have access to health insurance so employee insurance should be the burden of the employer. Jaske said more of the private sector is no longer providing spousal health insurance if coverage can be obtained elsewhere.

Zaborowski asked are turnover rate assumptions based on the county's experience? Richter said historically the county averages a 7% turnover rate. The assumptions used in this report are realistic. N. Cummings said the turnover rate is expected to increase as the economy improves.

K. Cummings asked could the county discontinue the pay-for-performance system instead of using furlough days? Richter said in theory it could be done. N. Cummings said the public forgets the years county employees do not get raises. The county will never give big raises to make up for those years. The county provides small wage increases and furlough days so all employees "share the pain" and people are not laid-off. K. Cummings asked will everyone be included in the pay-for-performance system? N. Cummings said as many people as possible will be allowed to participate.

Haukohl said this is excellent analysis of the county's total compensation approach, which is stable and fair. Haukohl asked Yerke what areas of the system concern him? Yerke said the county is heading in the right direction but there is still the perception that government employees are well paid and have stable jobs. The fiscal analysis of the new compensation program shows costs will increase \$130K over ten years, which is in addition to the projected \$620M increase over the same period. Haukohl said the county has to pay the employees. Yerke said positions are eliminated while employees receive wage increases. Haukohl said constituents do not want to give government workers any pay increases. Yerke said there are concerns about keeping the best and brightest employees but 40 to 60 people apply for each county vacancy. Many people want to work for the county. Paulson said it is important to remind constituents what is included in

the total compensation package. Richter said it will cost an additional \$130K over ten years to implement the new system. The county has to pay employees and provide benefits.

Grant voiced support for the proposed plan. Now that Act 10 is law and most County unions have decertified, it is important that all employees are treated consistently. The new pay plan provides a consistent step process and will take employees longer to reach the maximum pay for a given position. Grant further questioned the consultant's conclusion that County pay and benefits are below market. If that is the case, why are there so many long service employees? There must be some other benefits to County employment besides just dollars and cents and that intrinsic value was not considered in the consultant's report. Richter said pay and benefits are not everything. The workforce is changing and people look at jobs differently. Many have had opportunities to go elsewhere or only stay a few years. Decker said private sector value propositions provide certain employees with a certain rate of pay. These are the facts and they are unequivocal. State employees are making much less and given fewer benefits than four years ago.

Draeger said he is happy that Waukesha County's total compensation is less than the private and public sectors and never going to catch up. The comparison should provide comfort to constituents that Waukesha County is not wasting money paying employees too much.

Paulson said he does not agree that non-exempt employees should get less life insurance than exempt employees. He asked is the amount "cast in stone"? Richter said the report is not being considered today. N. Cummings said providing the same level benefit to all employees would have driven costs too high. Splitting the benefit provided a needed "budget buster".

In regards to K. Cummings question, Richter said the change in the pay policy for highway operations employees eliminates higher rates of pay for operating various pieces of equipment. The change will not reduce payroll costs but eliminate staff reporting time and be more efficient. In the future, these employees could be enrolled in pay-for-performance and rewarded for higher skill levels.

Per Morris' request, Richter explained the difference between exempt and non-exempt employees. Non-exempt employees are paid an hourly wage and receive overtime for time worked in excess of 40 hours. Exempt employees, also known as salaried, work as many hours as necessary to get the job done for no additional pay. Jaske said exempt employees should be rewarded for extra effort since they are not eligible for overtime.

Richter said he would provide total cost of current benefits per Grant's request. Decker said the new total compensation plan will help the overall economy and employees save money.

Crowley said he supports this plan, which provides a business model for fair total compensation to employees. The public perception of overpaid county employees needs to change in lieu of the lower than public and private average total compensation packages provided to county employees.

Richter said changes in this report will be crafted into an ordinance. N. Cummings said employees would not want to go back to unions if Act 10 is rescinded because Waukesha County provides equal and fair treatment for all employees.

**Discuss and Consider Resolution 168-R-002: Support the Further Evaluation and Development of a Shared On-Site Medical Clinic**

Richter said after being approached by Quad Med last year, the county began exploring the creation of an onsite medical clinic for staff including possible partnerships with the City of Waukesha and Waukesha School District. The concept is not unique in private or public sector. Approval of this resolution provides support of a request for proposal (RFP) process to provide an onsite medical clinic at 615 W. Moreland Boulevard (building currently used by the Waukesha County Division of Public Health) to serve the employees, retirees and dependents of Waukesha County, City of Waukesha and Waukesha School District. Depending on staffing and utilization, a consultant estimated the combined direct cost savings for all three entities to be in excess of \$6.8 million over the first five years of operation. The county's estimated direct cost savings would be approximately \$2.5 million. If the RFP process provides a favorable bid, the 2014 health insurance fund budget proposal would include funds to proceed with an onsite clinic. A governance agreement between the county, city and school district would be subject to county board approval.

In response to Decker's question, Richter said the clinic would allow the county to keep costs down and avoid the upcoming tax on "Cadillac" insurance programs. The clinic makes sense with the advent of affordable health care and shortage of primary care physicians. Employees enrolled in the county's insurance plans will have access to a clinic that provides timely medical care at lower costs. The RFP will incorporate all components for a clinic such as staffing, facility costs, savings, projections, etc. and responses could come from national, regional and/or local health care providers.

In response to Paulson's questions, N. Cummings said the building located at 615 W. Moreland Boulevard would be used for at least three years. The results of the courthouse study could provide answers regarding the future of the building and possible clinic sites. Paulson asked would the county's wellness program continue? Richter said the program would continue partnered with the clinic to enhance results and further reduce costs. The higher utilization of the clinic would result in larger returns on investment.

Nelson asked how will the partnership deal with such issues as selecting and building a new location? N. Cummings said costs for all parties will be identified in a five-year contract. N. Cummings does not expect the location of the clinic to change for at least four years but there is a possibility the clinic will become part of the courthouse solution.

Grant said it would be hard to explain to taxpayers that county employees receive exclusive medical service when taxpayers have to wait long periods to get appointments and deal with health care reform. Richter said the clinic is anticipated to save taxpayers \$2.5M. The clinic would also lower Waukesha County's health care costs to avoid the tax on "Cadillac" health insurance costs.

Jaske said she does not approve of this plan and needs more information such as:

- How many employees are expected to participate?
- How is convenience factored for employees who do not work or live near the clinic?
- What is the incentive for employees to use the clinic?

Richter said there are many incentives to employees who use the clinic such as lower costs, ease of appointments, time saver, reduced sick time, productivity savings, etc. The RFP will analyze actual savings to the county and answer many questions.

In response to K. Cummings questions regarding immunizations, Richter said the list of provided services has yet to be developed.

Jaske said like any government service, the clinic will be inefficient. How will one doctor provide care for 2,600 employees? N. Cummings said most employees will go to their own doctors for physicals. The county

is being conservative on cost and savings estimates. Quad Med did an analysis of a Waukesha County clinic and found the incredible savings quadrupled with partners. This plan is a lot less risky with partners and he is not sure he wants to go into it alone.

Paulson said there are plenty of successful models the county can learn from and urged support of the resolution. Haukohl said voting for this resolution is good policy and a positive fiscal step. Morris said the RFP is the next step to see if the county could realize savings. Decker said the RFP will show whether the county should continue with the project. Draeger said it would be irresponsible for the board not to investigate savings. Nelson said he sees this as a “win-win-win” providing savings for the county, city and school district. The clinic will be a role model for saving taxpayer money and intergovernmental cooperation.

Human Resources Committee Motion: Crowley moved, Jeskewitz second, to approve Resolution 168-R-002. Motion carried 4-3 (Jaske, Grant, K. Cummings voted no.).

Finance Committee Motion: Draeger moved, Meyer second, to approve Resolution 168-R-002. Motion carried 6-0.

Executive Committee Motion: Haukohl moved, Paulson second, to approve Resolution 168-R-002. Motion carried 5-0.

Motion: Haukohl moved, Paulson second, to adjourn the executive committee meeting at 11:48 a.m. Motion carried 5-0.

#### **Discuss and Consider Ordinance 168-O-024: 2013 Highway Operation and Central Fleet Employees Salary Adjustment**

Richter said because the Teamsters Local 200 decertified on May 1, 2013, wage adjustments are needed. This ordinance provides an across-the-board increase of 1.3% effective December 29, 2013, which is the same across-the-board increase provided to all other nonrepresented employees.

Human Resources Committee Motion: K. Cummings moved, Jeskewitz second, to approve Ordinance 168-O-024. Motion carried 7-0.

Finance Committee Motion: Draeger moved, Zaborowski second, to approve Ordinance 168-O-024. Motion carried 6-0.

#### **Discuss and Consider Ordinance 168-O-023: Modify the 2013 Health and Human Services Budget to Include Additional Revenue and Expenditures Related to the Economic Support Services Unit**

Setzer reviewed Ordinance 168-O-023, which appropriates \$294,000 in personnel expenditures for the period of July through December 2013 and creates ten economic support specialist positions in response to implementation of the Patient Protection and Affordable Care Act. Funding for the positions will be provided to the county from a state allocation to the Moraine Lakes Consortium and is currently expected to end June 30, 2015. Positions will be reduced or sunsetted as funding is reduced or terminated. Funds will be reserved in future budgets to fund anticipated unemployment costs resulting from the reduction or sunset of these positions. The ordinance also appropriates \$47,900 in operating expenditures for the purchase of equipment, supplies and contracted services. The department estimates \$100,000 of indirect costs per year will be allocated during the term of the program. The 2014 budget will provide continuation of these services.

Paulson said it is important to note no county levy will be appropriated through this ordinance.

Draeger asked when will Waukesha County receive this funding? Setzer said funding will be appropriated to counties by consortiums based on caseloads as soon as the governor approves the state budget. Draeger asked how will the program be funded in the mean time? Setzer said funding in the HHS budget can be used until the state budget is passed. Witkowski said fund balance will cover the costs until the state provides reimbursement. This ordinance gives the department authorization to spend the money. In regards to Paulson's question, Witkowski said the program will be discontinued if funding is not approved in the state budget. Setzer said this is a funded mandate.

Haukohl asked when will the hiring process begin? Setzer said staff needs to be hired and trained by October 1, 2013 when the Patient Protection and Affordable Care Act federal marketplace opens. It will take several months to train people for these positions. Gage said supervisors have begun alerting people on the county's economic support applicants standing list of possible job opportunities. No interviews or job offers will be made until the funding is approved in the state budget.

Committee members agreed the fiscal note could have been constructed differently to separate 2013 funding from total two-year program funding. Mader explained that the ordained clauses in the ordinance accurately express 2013 funding amounts. Haukohl suggested adding charts and tables to the fiscal note to better demonstrate funding allocations.

Yerke said the demand for service is coming whether or not state or federal funding is provided to counties. Decker said the federal law is not going away and the county is responsible to provide the service.

Human Resources Committee Motion: Crowley moved, Jeskewitz second, to approve Ordinance 168-O-023. Motion carried 7-0.

Finance Committee Motion: Morris moved, Zaborowski second, to approve Ordinance 168-O-023. Motion carried 6-0.

Motion: Jeskewitz moved, Crowley second, to adjourn the human resources committee meeting at 12:22 p.m. Motion carried 7-0.

Motion: Draeger moved, Meyer second, to adjourn the finance committee meeting at 12:22 p.m. Motion carried 6-0.

Respectfully submitted,

Pauline T. Jaske  
Human Resources Committee Secretary